

MAINE STATE LEGISLATURE

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STATE OF MAINE
119TH LEGISLATURE

FIRST REGULAR SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
TAXATION

AUGUST 1999

Staff:

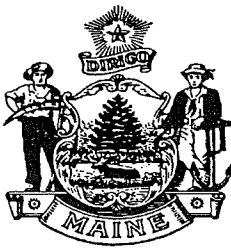
Julie S. Jones, Legislative Analyst

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MEMBERS:

*Sen. Richard P. Ruhlin, Chair
Sen. Beverly C. Daggett
Sen. S. Peter Mills*

*Rep. Kenneth T. Gagnon, Chair
Rep. Bonnie Green
Rep. Thomas M. Davidson
Rep. Patrick Colwell
Rep. Stephen S. Stanley
Rep. David G. Lemoine
Rep. Kenneth F. Lemont
Rep. Eleanor M. Murphy
Rep. John T. Buck
Rep. Peter E. Cianchette*



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MEMORANDUM

To: Members, Joint Standing Committee on Taxation

From: Julie S. Jones, Legislative Analyst

Date: August, 1999

Re: Bill Summaries, 119th Legislature, 1st Regular Session

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the Joint Standing Committee on Taxation during the 1st Regular Session of the 119th Legislature. The summary describes each bill or order and relevant amendments as well as the final action. Also included is a statistical summary of bill activity by the committee. Please note the effective date for all non-emergency legislation enacted in the 1st Regular Session (unless a later date is specified in a particular law) is September 18, 1999. Joint orders are effective when passed.

The document is organized for convenient reference to information on bills handled by the committee this session. It is organized by bill (LD) number and two indices are located at the back of the document that group bills by subject and by LD number. Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

- CARRIED OVERBill carried over to Second Regular Session*
- CON RES XXX Chapter # of Constitutional Resolution passed by both Houses*
- CONF CMTE UNABLE TO AGREE Committee of Conference unable to agree; bill died*
- DIED BETWEEN BODIES House & Senate disagree; bill died*
- DIED IN CONCURRENCE One body accepts ONTP report; the other indefinitely postpones the bill*
- DIED ON ADJOURNMENT Action incomplete when session ended; bill died*
- EMERGENCY Enacted law takes effect sooner than 90 days*
- FAILED EMERGENCY ENACTMENT/FINAL PASSAGE Emergency bill failed to get 2/3 vote*
- FAILED ENACTMENT/FINAL PASSAGE Bill failed to get majority vote*
- FAILED MANDATE ENACTMENT Bill imposing local mandate failed to get 2/3 vote*
- NOT PROPERLY BEFORE THE BODY Ruled out of order by the presiding officers; bill died*
- INDEF PP Bill Indefinitely Postponed*
- ONTP Ought Not To Pass report accepted*
- OTP ND Committee report Ought To Pass In New Draft*
- OTP ND/NT Committee report Ought To Pass In New Draft/New Title*
- P&S XXX Chapter # of enacted Private & Special Law*
- PUBLIC XXX Chapter # of enacted Public Law*
- RESOLVE XXX Chapter # of finally passed Resolve*
- UNSIGNED Bill held by Governor*
- VETO SUSTAINED Legislature failed to override Governor's Veto*
- READ AND PASSED Joint Order passed by the House and Senate*
- PASSED AS AMENDED Joint Order passed as amended by the House and Senate*

A complete summary of bills for all committees will be available in the very near future. Copies will be on file in the Law and Legislative Reference Library and Senate and House offices. You will also soon be able to access these bill summaries from our website.

I hope you find this information useful. If you have any questions or suggestions, please do not hesitate to contact this office.

Best wishes for an enjoyable summer.

- The bill proposed to repeal the state telecommunications personal property tax effective April 1, 2001 and returns that personal property to standard municipal property taxation

Committee Amendment "A" (H-391) proposed to remove provisions from the bill exempting from sales tax the sale of machinery and equipment used to provide communications service and exempting from sales tax the first \$16 monthly of residential local exchange telecommunications service

House Amendment "A" (H-604) proposed to correct a clerical omission in the committee amendment by removing from the bill the provisions repealing the telecommunications property tax and replacing a definition to clarify its intended application.

Enacted law summary

Public Law 1999, chapter 488 modernizes the application of the sales tax by replacing the definition of taxable "telephone and telegraph service" in the sales tax law with a definition of "telecommunications services." The new definition clarifies the meaning of the old definition and ensures that unbundled network elements sold to another provider of telecommunications services are not taxable. The law imposes a sales tax on prepaid calling arrangements and excludes services provided pursuant to prepaid calling arrangements from the definition of taxable "telecommunications services." The law provides a sales tax exclusion for the sale of cable television converter boxes to a provider of cable television services. The bill requires the Bureau of Revenue Services to monitor legal and technological developments in the field of telecommunications and report to the Legislature any need for change to the State's tax laws. See also LD 617, Public Law 1999, chapter 401, Part EEE that reserves funds to permit future elimination of prepayments and nonstandard treatment of accruals under the Telecommunications Personal Property Tax.

LD 1134 An Act to Extend the Maine Residents Property Tax Program to Persons Living in Subsidized Housing Who Receive Certain Disability Payments PUBLIC 494

<u>Sponsor(s)</u> BERRY R NUTTING J	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-219 S-403 MICHAUD
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LD 1134 proposed to permit persons living in subsidized housing who receive social security disability or supplemental security income disability benefits to qualify for the Maine Residents Property Tax Program.

Committee Amendment "A" (H-219) proposed to clarify that this change to the Maine Residents Property Tax program applies to those claims filed on or after August 1, 1999.

Senate Amendment "A" to Committee Amendment "A" (S-403) proposed to delete an appropriation to the Bureau of Revenue Services for computer programming expenses.

Enacted law summary

Public Law 1999, chapter 494 permits persons living in subsidized housing who receive social security disability or supplemental security income disability benefits to qualify for the Maine Residents Property Tax Program for claims files on or after August 1, 1999.

LD 1136 An Act to Provide an Inflation Adjustment for the Elderly Low-cost Drug Program ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MARTIN TREAT	ONTP	

LD 1136 proposed to require the State Tax Assessor to establish income limits for the elderly low-cost drug program that are determined according to the federal nonfarm income poverty line beginning November 1, 1999.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the “Part 2” budget bill, PL 1999, chapter 401, Part KKK.

LD 1141 An Act to Provide Fairness for Nondrinkers in Restaurants ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SNOWE-MELLO DAVIS P	ONTP	

LD 1141 proposed to tax restaurant food for nondrinkers at a restaurant that has a liquor license at the same sales tax rate as food sold in a restaurant that does not have a liquor license.

LD 1157 An Act to Ensure the Payment of Real Estate Taxes on Transferred Property ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GOODWIN	ONTP	

LD 1157 proposed to require the seller of real estate at the time of the closing to pay or post a bond in the amount of property taxes due on the real estate. After the closing, the new owner of the real estate would be required to notify the municipality of the share of taxes the new owner will pay. When the new owner’s share is paid, the municipality would be required to reimburse the previous owner for that share payment.

LD 1167 An Act to Establish the Local Option Tax on Liquor, Meals and Lodging ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RAND GAGNON	ONTP	

LD 1167 proposed to allow municipalities to adopt a local option sales tax at a rate not to exceed 2% on liquor, meals and lodging that are provided within the municipal corporate limits and that are subject to the state sales tax. The State would be required to assess and collect the local option tax along with the state tax and return the revenue raised to the municipality. The State Tax Assessor would be required to determine the amount of revenue raised by each municipality’s local tax each month, subtract the administrative costs of the local tax and certify the amount to be returned to each municipality. The additional revenue raised by the local option tax must be used by the municipality to finance specifically approved major capital projects.